

FEDERAL ENERGY REGULATORY COMMISSION  
Washington, D. C. 20426

April 29, 2005

In Reply Refer To:  
Northern Natural Gas Company  
Docket Nos. RP05-229-000

Northern Natural Gas Company  
1111 South 103<sup>rd</sup> Street  
Omaha, NE 68124-1000

Attention: Mary Kay Miller, Vice President  
Regulatory and Customer Affairs

Reference: Tariff Sheet Proposing Commodity, Unaccounted For, and Fuel Rates

Ladies and Gentlemen:

1. On March 14, 2005, Northern Natural Gas Company (Northern) filed a tariff sheet<sup>1</sup> concerning the rate to be charged in connection with deliveries to the Waterville storage facility (Waterville storage point, POI 1383) in Northern's Market Area. Northern requests the revised tariff sheet become effective May 1, 2005. For the reasons given below, Northern's proposed tariff sheet is accepted, subject to condition, to become effective May 1, 2005, as proposed. This action benefits the public by ensuring that Northern's charges for transportation to shipper owned storage facilities within its Market Area are equitably applied to all similarly situated shippers and such rate provisions are consistent with the Commission's policy.

**Background**

2. Northern's proposed tariff language provides that it will charge the Market Area commodity, unaccounted for and fuel rates for transportation service to the Waterville storage point. However, the subsequent redelivery of volumes from the Waterville storage point to a Market Area delivery point will not be subject to additional commodity or fuel rate or unaccounted for charges. Northern proposes that Field Area commodity

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<sup>1</sup> 71 Revised Sheet No. 53, to its FERC Gas Tariff, Fifth Revised Volume No. 1.

and fuel rates will apply to any redelivery of volumes to a Field Area delivery point. Northern maintains that this application of commodity and fuel rates recognizes (1) the postage stamp nature of its Market Area commodity and fuel rates; and, (2) that delivery to the Waterville storage point is a temporary stop between the original receipt point and the ultimate delivery point in the Market Area. Northern submits that this methodology is consistent with the rate structure it uses at its Ogden storage facility, and that the proposed tariff language is the same as is used for deliveries to Ogden.

3. Northern states the Waterville storage facility is owned and operated by CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas (CenterPoint Energy). Northern further states that the instant filing results from a January 13, 2005 letter agreement between Northern and CenterPoint Energy (January 13 Letter Agreement) filed on February 11, 2005, in Northern's Docket No. RP05-181-000 proceeding. The Commission accepted that proposal, subject to conditions on March 23, 2005.<sup>2</sup>

#### **Notice, Interventions, and Comments**

4. Northern's filing was noticed on March 17, 2005, allowing for motions to intervene and protests to be filed as provided by section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2004)). Pursuant to Rule 214 (18 C.F.R. § 385.214) all timely filed motions to intervene and any motions to intervene out-of-time filed before the date of this order issues are granted. No protests were filed, but CenterPoint Energy filed comments supporting the proposal. CenterPoint Energy states that acceptance of this filing would bring treatment of the Waterville facility into line with Northern's rate treatment applied to the Ogden storage point. CenterPoint Energy asserts that there is no rational basis for a distinction in rate structure applicable to the two facilities.

5. Northern States Power Company and Northern States Power Company (Wisconsin) (jointly, NSP Companies) also filed comments. NSP Companies maintain that they do not oppose the revised tariff proposed by Northern. However, they request the Commission clarify that the Waterville storage rate methodology proposed here should apply in all cases where a shipper develops a market storage facility served by Northern. NSP Companies asserts that the January 13 Letter Agreement obligated Northern to revised its tariff to assess usage charges and fuel use and unaccounted for charges only once on deliveries to the Waterville point. NSP Companies also assert that, as Northern indicated in the transmittal letter of the February 11, 2005 filing, the TFX

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<sup>2</sup> 110 FERC ¶ 61,321 (2005).

Service Agreement with CenterPoint Energy stated that Northern's obligation to file a tariff revision associated with the Waterville storage delivery point is not part of the economic value of the Northern/CenterPoint Energy arrangement and that, if the filing is unsuccessful, Northern will provide comparable economic value to Centerpoint Energy as set forth in the TFX Service Agreement. NSP Companies state that all shippers using the Waterville point will be subject to the same rate methodology and that Northern explains that this methodology is consistent with the rate structure used by Northern at the Ogden storage point, citing Sheet No. 141. However, NSP Companies further state that to their knowledge Northern had not offered the Ogden rate structure to CenterPoint Energy prior to the broader negotiations with CenterPoint Energy for future services. NSP Companies assert that, in these circumstances, the Commission should use this proceeding as an opportunity to ensure that shippers which develop their own storage facilities in the future, with Northern acting as transporter to and from storage, will have the benefit of the Ogden/Waterville rate methodology, as opposed to paying for transportation to and from storage.

### **Discussion**

6. Northern's proposed tariff sheet is accepted, subject to conditions to become effective May 1, 2005. Because Northern has postage stamp rates for Market Area transportation service, it is reasonable that a shipper pay that rate only once when it stores gas in the Market Area. As Northern states, a temporary stop at a Market Area storage facility does not justify charging the Market Area rate twice, when a shipper receiving the same overall length of haul without the stop at the storage facility would pay the Market Area rate only once. However, this reasoning applies when gas is placed in storage at any Market Area storage facility, not just CenterPoint Energy's Waterville facility. Therefore, the Commission will require Northern to apply the proposed rates to all similarly situated transactions in the Market Area. Accordingly, our acceptance of

Northern's filing is subject to the condition that Northern file, within 15 days of the date this order issues, revised tariff sheets providing the proposed rates to all similarly situated transactions in the Market Area.

By direction of the Commission.

Linda Mitry,  
Deputy Secretary.

cc: Public File  
All Parties

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